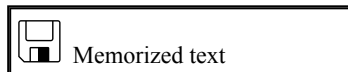


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Brussels, 29 May 1997

**OPINION**  
of the  
Economic and Social Committee  
on the  
**Draft Action Plan for the single market**  
(COM(97) 184 final)



On 13 May 1997 the Commission decided to consult the Economic and Social Committee, under Article 198 of the Treaty establishing the European Community, on the

*Draft Action Plan for the single market*  
(COM(97) 184 final).

The Economic and Social Committee appointed **Mr Pezzini** as rapporteur-general for its opinion.

At its 346th plenary session (meeting of 29 May), the Economic and Social Committee adopted the following opinion by 59 votes to two with four abstentions.

#### 1. General comments

1.1 The Committee congratulates the Commission on presenting the broad lines of its Action Plan for the single market just a few months after the preliminary observations in its communication of October 1996 on the single market.

1.2 This prompt action is the most reassuring indication of the growing consensus on questions concerning the single market.

1.3 The Committee therefore trusts that the Member States and the other EEA States (Norway, Iceland and Liechtenstein) committed to the single market will renew their commitment to interpret the Commission's proposal as scrupulously as possible and on that basis take the decisions needed to complete the single market swiftly and effectively.

1.4 As it has already said in its opinion on the Commission's communication of October 1996, the Committee also appreciates the effort made to analyse in detail the impact and efficacy of the single market programme, on which the Commission based the preparation of the present Draft Action Plan.

1.5 The ambitious objectives and the limited time-frame within which the proposed measures are to be implemented will necessitate a substantial commitment on the part of the EU institutions and Member States; this commitment will extend far beyond the technical details of the proposed measures and will be credible only with the full and firm political support of those involved.

1.6 To facilitate the complex process of building this consensus, the Commission should therefore make every effort to make the basic data widely available, so that the resulting costs and benefits for those affected by the choices made in the Action Plan are as clear as possible.

1.7 The Committee nevertheless emphasizes that although the focus of the single market programme is economic, its objectives have a broader scope.

1.8 The tremendous economic potential that will result from creating the largest single market in the world offers an opportunity to help improve the quality of life of the European Union's 370 million citizens, regardless of who they are and where they live.

1.9 But sustainable economic growth in an innovative, dynamic and socially responsible environment is not compatible with a single market that operates less effectively at grass roots level.

1.10 As indicated in its opinion of 23 April 1997<sup>1</sup>, the Committee attaches great importance to the ability of the institutions of the EU, Member States and other single market states to make the single market actually work for social interest groups - workers, providers of goods and services and consumers - whose position is more marginal.

1.11 In this context, it would be useful to involve all those concerned - employers, trade unions, consumer representatives, etc. - at all stages of the Action Plan.

1.12 It was apparent from the hearings held by the Committee and the Commission on the communication of October 1996 that this matter generates a lot of interest. The feedback available from their experience is very valuable and could play a crucial role, above all in ensuring effective application of the Action Plan, especially in view of the tight time-frames. Such involvement is also an important factor in consolidating the

complex political consensus which was mentioned above as indispensable to the Action Plan's success.

## **2. The Action Plan**

2.1 The Committee also fully endorses the need, highlighted by the Commission, to enhance the functioning of the single market, on the grounds that this is also of significance for the planned enlargement of the Union. The Committee is convinced that the Member States will be better prepared for enlargement if the actions proposed by the Commission are implemented as effectively as possible.

2.2 The Action Plan proposed by the Commission rightly emphasizes confidence on the part of the institutions, economic operators and general public as a key factor in implementing the single market: confidence that the basic single market rules are being fully and uniformly applied; confidence that the main market distortions are being tackled promptly and effectively; confidence on the part of small and medium-sized enterprises that the single market - which was originally conceived for them - will actually become a reality; consumer confidence in the reliability and quality of goods and services; and, above all, confidence in the efforts of the national authorities to put the single market into effect.

2.2.1 This represents an important acknowledgement of the political and cultural significance of decisions regarding future commitment to the single market, a subject that is frequently addressed in Committee documents on the single market.

2.2.2 The Committee also sees similarities between its own and the Commission's general approach as regards the relation between the single market programme and the third stage of European Monetary Union, and in its integrated approach to the strategic objectives mentioned in the Action Plan.

2.2.3 In its opinion on the Commission communication of October 1996, the Committee emphasized that the introduction of the single currency must go hand in hand with the completion of the single market, notably to avoid weaker groups finding themselves operating in economic systems made more integrated by the single currency without being able to benefit in full from all the rules scheduled in the single market programme.

2.2.4 This in turn demonstrates the need for each line of action to be coordinated with the others, since each area of intervention influences the effectiveness of the others.

2.3 The Committee endorses the strategic targets identified in the Action Plan. The four areas of intervention emerge clearly from the analyses summarized in last October's communication on the impact and effectiveness of the single market and also follow closely the views expressed by interest groups during the hearing organized by the Committee on the subject last March.

2.3.1 These four targets - making the single market rules more effective, eliminating market distortions, removing sectoral obstacles to market integration and ensuring that the single market provides real benefits for ordinary people - each present challenges that will test the effectiveness of political consensus on the single market.

2.3.2 Turning to the measures envisaged to put the rules into effect, the Committee attaches great value to the emphasis placed by the Commission on the active role which national administrations will have to play in filling out the legal framework through better application of the rules, more rapid problem-solving and a faster response to infringements.

2.3.3 Of particular interest is the proposal to introduce a "scoreboard" for each state concerned which will provide a regular update on the progress of implementation of the single market. This will represent an important step towards establishing transparency in relations between the European partners, helping to underscore the consensus that each has managed to achieve in this area.

2.3.4 The Committee is also pleased to note that the Commission shares the view expressed in the above-mentioned opinion about the relevance of fiscal matters to fully effective operation of the single market.

2.3.5 While realizing that this is a delicate issue, the Committee wanted to send a clear signal that an open and flexible discussion between the Member States cannot be further postponed, or national economic policy instruments will be undermined. The measures proposed in the Commission's Action Plan may make it possible to test some general coordination in this area.

2.3.6 A closely related question is the need for a rigorous approach to competition policy. Here too, the course set by the Commission must be adequately pursued in the dialogue with the Member States. But it is important that this preliminary document already notes that small and medium-sized enterprises have in many cases seen their competitiveness eroded rather than improved because state aids have been directed mostly to

large firms.

2.3.7 Another issue that has clearly emerged from the work of the Committee's Single Market Observatory is the problems facing the service sector. Although this sector accounts for 70% of the European Union's GNP, it is the sector where the greatest obstacles to integration remain. Financial markets, public services and transport and telecommunications are without doubt the most important sectors in which decisive intervention is called for.

2.3.8 The Committee fully supports the major programme of measures designed to ensure that the single market really benefits the individual citizen. This is a matter which by its very nature is of special interest to the Committee. It expects the Commission, after consulting the social partners, to put forward specific proposals for improving information and consultation of European works councils on closures which have major implications for employment. If we do not manage to incorporate the social dimension into the single market, guaranteeing minimum levels of protection and full participation for all strands of society, potential support for the single market will be undermined.

2.3.9 The issues of labour mobility and protection of social rights are crucial, and are clearly bound up with fiscal policy. With the current international mobility of capital, it will be difficult to prevent competition between Member States from steadily hardening the fiscal pressure on the less mobile factors. This question can appropriately be addressed in discussions on competition rules.

2.3.10 Other priority questions should be included in the Action Plan. The following in particular should be priorities:

- dissuade the excessive creation of technical barriers at source, for instance through a Member States' code of practice for the operation of the single market;
- promote cross-border regional exchanges, especially for small and medium-sized firms;
- speed up the development of trans-European networks to optimize the single market's impact on growth;
- complete Community harmonization of industrial and intellectual property;
- strengthen customs cooperation at external frontiers; and
- develop a common strategy for improving access to non-EU markets.

2.3.11 On the time-frame, the Committee supports a revised schedule but questions whether it is practicable to implement the entire Action Plan by 1999. To guarantee the credibility and efficiency of the new schedule:

- the Commission must specify how it intends to speed up decision-making in the various spheres;
- the IGC should formalize the Member States' commitment to speed up completion of the single market and adopt any procedural reforms which could prove necessary to fulfil this commitment;
- a 2002 deadline should also be considered for the purpose of settling, by that date and before the accession of new EU members, matters which remain outstanding in 1999.

2.3.12 Finally the Committee reiterates its call for the role of its single market Observatory to be recognized formally by the IGC, perhaps through a Declaration recalling the Council, Commission and European Parliament requests for the Committee to fulfil this role.

The Committee would also welcome the mentioning of the work of its Observatory in the Commission's Action Plan.

Brussels, 29 May 1997.

The President  
of the

The Secretary-General  
of the

Economic and Social Committee

Economic and Social Committee

**Tom Jenkins****Adriano Graziosi**<sup>1</sup> CES 467/97

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